

**EXECUTIVE SECRETARIAT**  
**ROUTING SLIP**

TO:

		ACTION	INFO	DATE	INITIAL
1	DCI				
2	DDCI				
3	EXDIR				
4	D/ICS				
5	DDI				
6	DDA				
7	DDO				
8	DDS&T				
9	Chm/NIC				
10	GC				
11	IG				
12	Compt				
13	D/Pers				
14	D/OLL				
15	D/PAO				
16	SA/IA				
17	AO/DCI				
18	C/IPD/OIS				
19	NIO/ECON		X		
20					
21					
22					
SUSPENSE		Date			

Remarks

*72*

*[Signature]*

*for* 10 Oct 84  
Date

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WASHINGTON

84 - 9214/1

## CABINET AFFAIRS STAFFING MEMORANDUM

Date: 9/27/84 Number: ----- Due By: -----

Subject: Minutes of the Cabinet Council on Commerce and Trade -

September 6, 18, 1984

	Action	FYI		Action	FYI
<b>ALL CABINET MEMBERS</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<b>CEA</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Vice President	<input type="checkbox"/>	<input type="checkbox"/>	<b>CEQ</b>	<input type="checkbox"/>	<input type="checkbox"/>
State	<input type="checkbox"/>	<input type="checkbox"/>	<b>OSTP</b>	<input type="checkbox"/>	<input type="checkbox"/>
Treasury	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Defense	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Attorney General	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Interior	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Agriculture	<input type="checkbox"/>	<input type="checkbox"/>	<b>Baker</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Commerce	<input type="checkbox"/>	<input type="checkbox"/>	<b>Deaver</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Labor	<input type="checkbox"/>	<input type="checkbox"/>	<b>Darman (For WH Staffing)</b>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
HHS	<input type="checkbox"/>	<input type="checkbox"/>	<b>McFarlane</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
HUD	<input type="checkbox"/>	<input type="checkbox"/>	<b>Svahn</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Transportation	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input checked="" type="checkbox"/>
Energy	<input type="checkbox"/>	<input type="checkbox"/>	<b>Chapman</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Education	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Counsellor	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
<b>OMB</b>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
<b>CIA</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
UN	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
USTR	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
			<b>Executive Secretary for:</b>		
<b>GSA</b>	<input type="checkbox"/>	<input type="checkbox"/>	<b>CCCT</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>EPA</b>	<input type="checkbox"/>	<input type="checkbox"/>	<b>CCEA</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>NASA</b>	<input type="checkbox"/>	<input type="checkbox"/>	<b>CCFA</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>OPM</b>	<input type="checkbox"/>	<input type="checkbox"/>	<b>CCHR</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>VA</b>	<input type="checkbox"/>	<input type="checkbox"/>	<b>CCLP</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>SBA</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<b>CCMA</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
			<b>CCNRE</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

## REMARKS:

Attached for your information are the minutes of the following meetings of the Cabinet Council on Commerce and Trade:

September 6, 1984

September 18, 1984

## RETURN TO:

☐ Craig L. Fuller  
Assistant to the President  
for Cabinet Affairs  
456-2823 (White House)

☐ Don Clarey  
☐ Tom Gibson  
☒ Larry Herbolzheimer

Associate Director  
Office of Cabinet Affairs



MINUTES  
CABINET COUNCIL ON COMMERCE AND TRADE  
Meeting #88, September 6, 1984  
2:00 p.m., Cabinet Room

Attendees: The President, The Vice President, Messrs. Baldrige, Shultz, Regan, Smith, Clark, Donovan, Ms. Dole, Meese, Stockman, Brock, Svahn, Taft, Lyng, Niskanen, Darman, Fuller, McFarlane, Oglesby, Speakes, Verstandig, Driggs, Herbolzheimer, Porter, Chapman, Cribb, Donatelli, Ciconni, McMinn, Rhodes, McNamar, Olmer, and Lighthizer

1. Copper

Ambassador Brock reviewed the condition of the U.S. copper industry. A combination of high wages, declining ore quality, and a strong U.S. dollar have weakened its international competitiveness. He outlined three options developed within the Trade Policy Committee process: 1) accept the ITC recommendation; 2) negotiate production restraints, either within or outside the Section 201 finding; or 3) provide no import relief.

Option 2 was described as an opportunity for the U.S. to make a good faith effort over the next 75 days to obtain voluntary agreements. If, at that time, the effort were unsuccessful, some minimal degree of trade protection could be imposed. A weakness of Option 2 is that a lengthy negotiation could lead to a surge in U.S. imports as foreign producers sought to establish as large a base as possible in the U.S. market.

The impact on U.S. copper producers and workers was discussed as was the effect on the rest of the economy of rising copper prices as a result of import protection.

Secretary Donovan outlined a proposal for assisting displaced copper workers. Discretionary funding authority is currently available to the Secretary of Labor. This is in addition to trade adjustment assistance. Some amount of these funds could be offered as a match to funds provided by the states and industry to create a joint effort to address the problem of adjustment.

Action Taken: The President approved option 3, no relief, modified to provide for active monitoring of conditions in the copper industry and of copper imports by the Department of Commerce, the Department of Labor will also work with state and local officials to develop a plan of job retraining and relocation assistance for workers in the industry.

## 2. Steel

Ambassador Brock described conditions in the U.S. steel industry, the openness of the U.S. market, and the numerous federal actions over the last several years to aid the industry and to restrict imports. The Trade Policy Committee is currently reviewing the findings and recommended remedy by the U.S.I.T.C. in response to the Section 201 Petition by the domestic steel industry. The range of options being debated range from totally rejecting the ITC recommendation to endorsing the steel quota bill now before the Congress. Several options within this range are also being debated.

Secretary Baldrige discussed recent efforts the U.S. steel industry has taken to increase investment, control costs, and manage cash flow. The question is whether the industry can be helped without hurting our trading partners. He then discussed, country-by-country, our trading situation with steel exporters.

Secretary Regan discussed the potential implications for uses of steel if its prices were increased because of import restraint. Action might also have implications for the foreign debt of some countries who must export to meet their debt obligations.

Secretary Shultz attributed much of Europe's economic troubles to the unwillingness of its government to expose industries to international competition. Europe should not be the model for U.S. decisions. Whatever is decided should be implemented quickly to minimize uncertainty among our trading partners.

The Council adjourned at 3:10 p.m.

MINUTES

CABINET COUNCIL ON COMMERCE AND TRADE

Meeting #89, September 18, 1984

2:00 p.m., Cabinet Room

Attendees: The President, The Vice President, Messrs. Baldrige, Shultz, Regan, Weinberger, Smith, Donovan, Ms. Dole, Meese, Stockman, Brock, Sanders, Baker, Svahn, McLaughlin, Baker, Niskanen, Darman, Fuller, McFarlane, McMannus, Oglesby, Speakes, Driggs, Herbolsheimer, Porter, Cribb, Donatelli, Hawley, Ciconni, Murphy, Rhodes, McMin, McNamar, Olmer, Amstutz, Lighthizer and Herrington

Import Relief for the Domestic Steel Industry

Ambassador Brock reviewed a series of options developed through the Trade Policy Committee process in responding to the Section 201 steel import petition. The discussion focused on the economic implications for the steel industry and the economy of each option. It was pointed out that a great deal of trade protection already exists for the steel industry. In combination with pending trade cases, the total protection of the industry was likely to increase. It was also noted that one of the reasons the U.S. steel industry was facing such difficulty with imports was a great degree of overcapacity in the world steel industry, estimated at 200 million tons, and the fact that the U.S. is essentially the only open market left in the world. Both Japan and Europe, other major steel users, keep steel imports at a very low level.

Recent actions taken by the industry to try to improve its competitive position were described. The industry has increased investment and lowered costs. One of the problems it is still facing is a lack of funds to make the needed investment.

The President noted that the U.S. International Trade Commission recommendation was based on a finding that the U.S. steel industry was facing severe competitive problems. He indicated that we need to recognize those problems as well as the recent efforts made by the steel industry to become more competitive. At the same time, he emphasized that he did not want to abandon or violate our adherence to free trade.

Action Taken: The President approved Option 2. The President rejected action under Section 201, but directed the implementation of a comprehensive fair trade policy for the steel industry. Major components include negotiation of arrangements to control surges of exports to the U.S. for five years, reaffirmation of existing voluntary restraint measures, and legislation as necessary to make them enforceable. The U.S. Trade Representative will consult with our trading partners, as well, to seek elimination of trade distortion and trade restraining practices. Finally, the Administration will continue to vigorously enforce all of our unfair trade laws.

The Council adjourned at 3:12 p.m.